

# Small Business Council of America

## PRESIDENT'S OFFICE

Al Martin, 9401 Indian Creek Parkway, 6th Floor  
Overland Park, KS 66210-2007 (913) 451-6060 FAX (913) 451-8879

June 20, 2000

Jere W. Glover, Esquire  
Chief Counsel of Advocacy  
Office of Advocacy  
Small Business Administration  
409 3rd Street, S.W., Seventh Floor  
Washington, D. C. 20416

Dear Jere:

We are aware that the Small Business Committee is holding hearings on Wednesday of this week to solicit ideas on ways to improve the Office of Advocacy at the U.S. Small Business Administration. Because we have worked closely with the Office of Advocacy and, in particular, the Chief Counsel of that Office, for the last 14 years, the Small Business Council of America would like to take this opportunity to express our views. The SBCA is a national nonprofit organization which represents the interests of privately-held and family-owned businesses on federal tax, health care and employee benefit matters. The SBCA, through its members, represents well over 20,000 enterprises in retail, manufacturing and service industries, virtually all of which sponsor retirement plans or advise small businesses which sponsor private retirement plans. These enterprises represent or sponsor well over two hundred thousand qualified retirement plans and welfare plans, and employ over 1,500,000 employees.

We have found that the Office of Advocacy has developed during these last 14 years into an extremely effective facilitator and catalyst with key officials at the Treasury and the Internal Revenue Service on behalf of small businesses. Prior to Jere Glover becoming Chief Counsel, relationships between the IRS and the Treasury on one side and small business on the other were marked with distrust and often, on the government's side, a lack of knowledge of how a small business operated.

Particularly in the retirement plan area, in large part due to the efforts of Jere Glover and his excellent staff, Russ Orban and Ken Simonson, there have been a series of meetings with key members of Treasury and representatives of the small business associations to make it easier for small businesses to sponsor retirement plans.



PAULA CALIMANOS, CLERK  
Small Business Council of America, 20814-2922 (301) 951-9325 FAX (301) 654-7354

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Prior to the 1995 White House Conference on Small Business, the Office of Advocacy, chaired by the Chief Counsel, brought together a number of the key small business associations in an effort to find out what changes small business thought should be made in the retirement plan area. The Office of Advocacy developed several excellent pieces for use by the delegates to the White House Conference on Small Business from this forum. Basically, the concept was to entice small businesses into the voluntary retirement plan system, the system had to become more user-friendly and more cost effective for the owners. Thus, a number of suggestions were developed that would reduce complexity in this area, reduce costs and increase incentives for small business owners to adopt retirement plans. These suggestions were literally endorsed by every major small business group at the White House Conference on Small Business.

Following the conference, Jere Glover convened a meeting which included Treasury officials and representatives from the small business associations involved in this issue. At this meeting, the specific suggestions adopted by the White House delegates in this area were reviewed and agreed to in concept by all attending. The smooth passage of the last several retirement laws through Congress and the White House is due, at least in part, to the efforts of these small business groups working with the Office of Advocacy. Of course, the efforts of the many Congressmen involved in the development of these bills cannot be ignored nor understated. It is no exaggeration to say that the new SIMPLE plan evolved from the 1995 White House Conference on Small Business.

This close relationship continued throughout the last several years. The efforts of the Chief Counsel and his staff combined with a number of key small business associations and the Treasury and IRS resulted in the recent IRS Revenue Ruling which made a number of changes in the regulation of the 401(k) Safe Harbors, making them far more effective for small business. Again, the role of the Office of Advocacy, and the Chief Counsel in particular, as a catalyst and facilitator was greatly appreciated by the small business community. In fact, one expert in the retirement plan area stated the other day, that the entire retirement plan community and small business community owe the Office of Advocacy a debt of gratitude for bringing the plight of small business retirement plans to the attention of Treasury and IRS and helping to resolve many critical issues for small businesses in this area.

Jere Glover is presently serving in this same role with high level meetings occurring with key members of IRS and Treasury on the technically complex "new comparability" issue. The Chief Counsel has enunciated the position of small business in this area very ably and continues to be an outstanding advocate for small business.

It makes us pause when asked how to improve the Office of Advocacy when in our opinion, it is operating at such a high level. But since the SBCA is active in the tax and employee benefits area, we are well aware that by law the Office of Advocacy has the right to make comments on

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proposed regulations issued by IRS that impact small business. We are of the belief that simply because the Office of Advocacy holds this power, both IRS and Treasury are more eager to discuss issues with the Office of Advocacy. To fully exercise this power would undoubtedly require more resources than is currently available to the Office of Advocacy, but based on the extraordinarily high level of performance achieved on the current budget to date, it would be money very well spent.

In our opinion, the Office of Advocacy should receive increased funding to be able to fully carry out the powers given to it under the law. At the same time, it must be recognized that the Office of Advocacy has performed its functions, at least in the tax and retirement plan area, in an outstanding manner.

Sincerely yours,



Paula A. Calimafde, Chair

PAC:bdh